

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

99-E-0410

IN THE MATTER OF THE LIQUIDATION OF
TUFTS HEALTH PLAN OF NEW ENGLAND, INC.

LIQUIDATOR'S TENTH INTERIM STATUS REPORT

Paula T. Rogers, Commissioner of Insurance of the State of New Hampshire and the duly appointed Liquidator of Tufts Health Plan of New England, Inc. in the above-captioned liquidation proceeding, for her Tenth Interim Status Report for the quarter ending July 31, 2002, states as follows:

1. This Court entered an Order of Liquidation on January 3, 2000 against Tufts Health Plan of New England ("TNE"). Under the Order, coverage under TNE policies ceased on February 2, 2000.¹
2. The Liquidator filed her First Interim Status Report on May 19, 2000; her Second Interim Status Report on September 1, 2000, covering the period from the commencement of this case through July 31, 2000; her Third Interim Status Report on December 1, 2000, covering the period from the commencement of this case through October 31, 2000; her Fourth Interim Status Report on March 1, 2001, covering the period from the commencement of this case through January 31, 2001; her Fifth Interim Status Report on May 31, 2001 covering the period from the commencement of this case through April 30, 2001; her Sixth Interim Status Report on August 31, 2001, covering

¹ TNE was incorporated on or about January 31, 1995 as a health maintenance organization ("HMO") by certain parent and affiliate organizations: Tufts Health Plans, Inc., Tufts Affiliated Health Maintenance Organization, Inc., and TAHMO Holdings, Inc. These parent and affiliate organizations are collectively referred to in this Interim Report as "TAHMO."

the period from the commencement of this case through July 31, 2001; her Seventh Interim Report on November 30, 2001 covering the period from commencement of this case through October 31, 2001, her Eighth Interim Report on February 28, 2002 covering the period from commencement of this case through January 31, 2002, and her Ninth Interim Report on May 31, 2002, covering the period from commencement of this case through April 30, 2002. Since the Ninth Interim Status Report, the Liquidator has continued the work of marshaling the assets of the liquidating estate, implementing the proof of claim process, supervising the wind-down of TNE operations, and settling claims through various means, including an expedited NOD Process defined in the Plan of Liquidation and the Funding and Settlement Agreement approved by this court in its order dated December 28, 2000.²

3. The Liquidator and her agents have reviewed the financial records of TNE, worked to identify additional assets, and have pursued conversion of non-liquid assets into cash. At July 31, 2002, cash and cash equivalents total \$3.3 million (including approximately \$1.0 million in special deposits held in the ancillary proceeding pending against TNE in the State of Rhode Island). The \$3.3 million in cash and cash equivalents also includes the collection of substantially all of the amounts due TNE under risk share contracts with its providers, reported as approximately \$900,000 on TNE's balance sheet in the Liquidator's previous interim reports. No further risk share payments are anticipated to be collected.

4. In total, 6,557 Proofs of Claims (or "POC's") were filed before the July 10, 2000 bar date previously established by the Liquidator or upon further review have

² Capitalized terms used herein are intended to have the same meaning as they have in the Plan of Liquidation and the Finding and Settlement Agreement.

been deemed to meet the “good cause” criteria for acceptance as timely filed. The total amount claimed on the face of the timely filed POCs, including amendments received thereto, now equals \$87,354,618.81. Of the 6,557 POC’s, 416 were filed with the amount owed as “unliquidated” or “unknown.” In addition, as of July 31, the Liquidator has identified 112 POCs, with a total face amount of \$225,627 as filed after the July 10 bar date which did not appear to meet “good cause” criteria for allowance as timely filed and for which no objection to the NOD communicating this determination was received. The POC’s have been inventoried, and an acknowledgement of receipt has been sent to all claimants. All timely filed POC’s are currently being matched to TNE’s books and records (as historically maintained by TAHMO) to determine adjudicated claim values. With respect to late-filed POC’s, the Liquidator has communicated with all holders of late-filed claims to determine whether good cause exists for the respective holders’ failure to comply with the bar date, and has communicated her determination of that issue to each such holder separately.

5. The Funding and Settlement Agreement and the Plan of Liquidation also allow the Liquidator to implement an expedited claims settlement process described therein as the Pre-NOD Process. The Pre-NOD Process allows the Liquidator to settle and pay claims that meet certain criteria described in the Funding and Settlement Agreement, in an expeditious manner. On October 25, 2001, a hearing was held in the Superior Court of Merrimack County on the Liquidator’s Motion to Accelerate Payment of Class Five Claims, in which the Liquidator sought authority to commence the payment of Allowed Claims in Classes junior to Class Two without first having paid all Allowed Class Two Claims in full. The court granted this motion on October 25, 2001 and the

adjudication and payment of Class Five Claims (including the issuance of Pre-NODs for qualifying POCs) thereupon commenced. As of July 31, 2002, the Liquidator had issued 3,639 Pre-NODs totaling \$ 10,879,739.70 to the holders of Allowed Class Two and Class Five Claims. As of July 31, 2002, the Liquidator had received 2,990 Pre-NOD acceptances, totaling \$ 10,042,448.44 in Allowed Claims.

6. The Liquidator continues to support the Rhode Island Ancillary Receiver by providing information and data sufficient for required court filings. The Liquidator has nearly concluded the process of administering and adjudicating the total amounts claimed by Rhode Island claimants, although certain sizeable adjudicated Claims were still subject to appeal. Actuarial estimates of this amount initially forecast that less than \$500,000 in claims would be payable to Rhode Island residents. The Liquidator anticipates that all remaining Claims benefited by the Rhode Island Special Deposits will be resolved prior to the filing of her next Interim Status Report. The Liquidator also anticipates that the process of scheduling hearings on outstanding objections to adjudicated claims will commence during the Fall of 2002.

7. Cumulatively, between December 20, 1999 and July 31, 2002, the Liquidator paid approximately \$35.5 million in Class I administration costs, of which approximately \$22.4 million was paid to contracted providers for delivery of post-petition medical services and products to TNE members and subscribers. Additionally the Liquidator has paid approximately \$45.5 million in Proof of Claims settlements, including \$14 million paid to Bath Iron Works to settle its claim as set forth in the Funding and Settlement Agreement. Exhibit A to this Interim Report lists, by the POC

Number assigned by the Liquidator, all Allowed Claims paid between May 1, 2002 and July 31, 2002.

8. The Liquidator continues to use existing TNE and TAHMO claims payment systems to adjudicate all provider claims and to pay Class I contracted provider claims. As reported previously, in recognition of the reduced volume and scope of administrative services provided, the administrative fees payable and accruing to TAHMO in connection with its services rendered to the Liquidator in this proceeding were reduced, retroactive to April 1, 2000.

9. During the quarter ending July 31, 2001, the Liquidator also continued discussions with TAHMO concerning progress toward the Conclusion of Services contemplated in the Plan of Liquidation and the closing of this liquidation proceeding, which the Liquidator hopes and intends to achieve as soon as practicable.

10. The Liquidator continues to post significant developments in this proceeding on the New Hampshire Insurance Department's web site, www.state.nh.us/insurance.

Dated: August 30, 2002

Respectfully submitted,

PAULA T. ROGERS, COMMISSIONER
OF INSURANCE OF THE STATE OF
NEW HAMPSHIRE, AS LIQUIDATOR
OF TUFTS HEALTH PLAN OF NEW
ENGLAND, INC.

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CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of August, 2002, a copy of the foregoing Liquidator's Tenth Interim Status Report was served upon the parties listed on the attached service list via first class mail, postage prepaid.

Bruce A. Harwood

EXHIBIT A TO LIQUIDATOR'S TENTH INTERIM STATUS REPORT